



Department of Justice

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AT
(202) 514-2007
TDD (202) 514-1888

**JUSTICE DEPARTMENT CHALLENGES PROPOSED ACQUISITION OF
NEW FIRST CITY BANK-BEAUMONT BY TEXAS COMMERCE BANK-BEAUMONT**

WASHINGTON, D.C. -- The Department of Justice filed in U.S. District Court in Dallas, Texas, a civil antitrust suit challenging the proposed acquisition of New First City Bank-Beaumont N.A. by Texas Commerce Bank-Beaumont N.A., a subsidiary of Texas Commerce Bancshares Inc. (TCB) of Houston, Texas.

At the same time, the Department filed a proposed consent decree that would settle the suit.

New First City-Beaumont is one of 20 bridge banks sold by the Federal Deposit Insurance Corporation (FDIC) last month.

In its complaint, the Department alleged that the proposed merger would violate Section 7 of the Clayton Act by substantially lessening competition in Beaumont for business banking services, including business transaction accounts and commercial operating loans, particularly for medium-sized businesses with annual sales of more than \$5 million.

The proposed consent decree provides for TCB to divest at least two branches of the New First City Bank in Beaumont and all

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assets and deposits of those branches, except for First City's trust business and its indirect consumer loans.

The proposed decree also would require TCB to divest all New First City commercial loans of \$500,000 or more, and the deposits of those loan customers.

John W. Clark, Acting Assistant Attorney General in charge of the Antitrust Division, said, "This action reflects the Division's continuing efforts to review mergers in the banking industry and to prevent those mergers that will significantly reduce competition, without interfering with the majority of bank mergers that do not pose competitive risks. We are pleased that the Division was able to work with the FDIC and other bank regulatory agencies to resolve competitive concerns while permitting the prompt and successful resolution of a failed institution."

TCB, a subsidiary of Chemical Banking Corp., New York City, is the second largest commercial bank in Beaumont, and operates approximately 110 offices through 16 separate national or state banks in Texas, which among them hold more than \$17 billion in assets and more than \$13 billion in deposits. New First City Bank-Beaumont is the largest bank in Beaumont. Between them, TCB and First City hold approximately 30 percent of commercial bank deposits in Beaumont, and are believed to hold a substantially larger share of the loan business of medium-sized customers.

On February 11, the Department challenged TCB's acquisition

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of New First City Bank-Midland N.A. The Department and TCB have filed a proposed consent decree resolving that dispute, under which TCB will divest most of the business of New First City-Midland. The Department also indicated its intention to challenge TCB's acquisition of New First City Bank-El Paso N.A. TCB abandoned its interest in that bank and assigned its winning bid to Sunwest Bank of El Paso, a subsidiary of Boatmen's Bancshares of St. Louis, Missouri.

The Department has indicated to the various bank regulators that it does not believe the remaining New First City bridge bank transactions are significantly adverse to competition.

Public comment on the proposed decree is invited within a 60-day period which begins when the Department files a competitive impact statement. Interested persons can write to Richard L. Rosen, Chief, Communications and Finance Section, Antitrust Division, Department of Justice, Room 8106, 555 4th Street, N.W., Washington, D.C. 20001.

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